

AMENDED IN ASSEMBLY APRIL 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2514

Introduced by Assembly Member Pan

February 21, 2014

An act ~~relating to physicians and surgeons~~ *to add and repeal Section 17053.44 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2514, as amended, Pan. ~~California Physician Corps Program.~~
Income taxes: credits: rural health care professionals.

The Personal Income Tax Law allows various credits against the taxes imposed by that law.

The bill, for taxable years beginning on or after January 1, 2014, and before January 1, 2019, would allow a credit against the taxes imposed under that law to a qualified taxpayer, as defined, that is a health care professional who resides and practices in a rural health care professional shortage area pursuant to an agreement with the State Department of Health Care Services in a specified amount of the qualified taxpayer's student loans, as provided.

This bill would take effect immediately as a tax levy.

~~Existing law establishes the California Physician Corps Program within the Health Professions Education Foundation, which provides financial incentives, as specified, to a physician and surgeon for practicing in a medically underserved community.~~

~~This bill would declare the intent of the Legislature to enact legislation that would create a taskforce to accomplish specified goals, including collaborating with the federal government to create a federal~~

fund-matching program to assist with loan repayments for health care providers in medically underserved areas:

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares that, in order*
2 *for all geographic areas of California to have the opportunity for*
3 *economic development, it is vital that excellent health care be*
4 *available throughout the state. The Legislature further finds and*
5 *declares that payment of student loans is an incentive used by rural*
6 *communities and health care institutions to attract health care*
7 *professionals to practice. It is therefore the intent of the Legislature*
8 *to provide a tax credit for the purpose of payment of student loans*
9 *as an incentive to encourage health care professionals to locate*
10 *in medically underserved areas of the State of California.*

11 *SEC. 2. Section 17053.44 is added to the Revenue and Taxation*
12 *Code, to read:*

13 *17053.44. (a) (1) For taxable years beginning on or after*
14 *January 1, 2014, and before January 1, 2019, there shall be*
15 *allowed to a qualified taxpayer a credit against the “net tax,” as*
16 *defined by Section 17039, in an amount as determined by*
17 *paragraph (2), of the qualified taxpayer’s student loans.*

18 *(2) The amount of the credit allowed by this section shall be the*
19 *lesser of the following:*

20 *(A) One-third of the balance due on the qualified taxpayer’s*
21 *student loans as of January 1 of the taxable year in which the*
22 *credit is allowed.*

23 *(B) The total balance due on the qualified taxpayer’s student*
24 *loans as of January 1 of the taxable year in which the credit is*
25 *allowed minus the total amount of credit allowed in previous*
26 *taxable years pursuant to this section.*

27 *(3) A credit may be allowed pursuant to this section for five*
28 *consecutive taxable years.*

29 *(b) For purposes of this section:*

30 *(1) “Full-time” means at least 20 hours per week on average*
31 *for 180 days for the first taxable year in which a credit is allowed*
32 *pursuant to this section, and at least 20 hours per week on average*
33 *for at least 10 months in subsequent taxable years.*

1 (2) “Qualified taxpayer” means an individual who meets all of
2 the following conditions:

3 (A) Is a dentist, physician, physician assistant, or advanced
4 practice nurse who is licensed or certified to practice within
5 California.

6 (B) Resides and practices full-time in a rural health care
7 professional shortage area and has committed to residing and
8 practicing in that area for at least three years and up to five years
9 pursuant to an agreement between him or her and the State
10 Department of Health Care Services.

11 (C) Is a borrower on student loans under a recognized loan
12 program used by him or her for higher education opportunities
13 resulting in a degree that enables him or her to be licensed or
14 certified as a health care professional in this state.

15 (3) “Rural health care professional shortage area” means any
16 area of the state that is not a metropolitan statistical area as
17 described in the publication “State and Metropolitan Area Data
18 Book,” 2010, published by the United States Census Bureau and
19 that is located 30 or more miles from the nearest hospital
20 containing 30 or more licensed beds.

21 (4) “Student loan” means a student obligation note or other
22 debt evidencing a loan to any individual for higher education
23 purposes or for the purpose of consolidating or refinancing a loan
24 for higher education purposes, which is either a guaranteed student
25 loan, an educational loan, or a loan eligible for consolidation or
26 refinancing under Part B of Title IV of the Higher Education Act
27 of 1965, as amended (20 U.S.C. Sec. 1070 et seq.).

28 (c) A credit shall be allowed pursuant to this section only for
29 those taxable years in which:

30 (1) The qualified taxpayer is not delinquent on his or her student
31 loan payments.

32 (2) The qualified taxpayer resides and practices in a rural health
33 care professional shortage area pursuant to an agreement with
34 the State Department of Health Care Services.

35 (3) The qualified taxpayer’s student loan has an outstanding
36 balance for at least a part of the taxable year.

37 (d) If the qualified taxpayer does not reside and practice within
38 a rural health care professional shortage area during the period
39 in which he or she was committed to reside and practice in that
40 area or pays his or her student loan in full by means of any other

1 loan repayment program, any remaining unapplied credit shall
2 be canceled and any previously applied credit for the taxable year
3 in which the move occurred, in which the practice ended, or in
4 which the loan was paid in full shall be recaptured, and the
5 qualified taxpayer shall be liable for any increase in tax
6 attributable to the recapture of any credit previously allowed under
7 this section.

8 (e) In the case where the credit allowed under this section
9 exceeds the “tax,” the excess credit may be carried over to reduce
10 the “tax” in the following taxable year, and succeeding five taxable
11 years, if necessary, until the credit has been exhausted.

12 (f) The State Department of Health Care Services and the
13 Franchise Tax Board shall promulgate rules and regulations as
14 necessary or appropriate to implement this section.

15 (g) This section shall remain in effect only until December 1,
16 2019, and as of that date is repealed.

17 SEC. 3. This act provides for a tax levy within the meaning of
18 Article IV of the Constitution and shall go into immediate effect.

19 SECTION 1. ~~(a) The Legislature finds and declares all of the~~
20 ~~following:~~

21 ~~(1) The gap between California’s medical providers and patients~~
22 ~~has been widening for years. The number of medical schools and~~
23 ~~residency positions has not kept up with the growing and aging~~
24 ~~population of the state.~~

25 ~~(2) Furthermore, there is a severe maldistribution of health care~~
26 ~~providers and services throughout the state. Most physicians~~
27 ~~practice in larger cities and suburbs while rural populations are~~
28 ~~underserved. The majority of California’s counties have been~~
29 ~~designated by the federal government as health manpower shortage~~
30 ~~areas.~~

31 ~~(3) The National Health Service Corps and the Steven M.~~
32 ~~Thompson Physician Corps Loan Repayment Program help repay~~
33 ~~student loans of providers who commit to practice for a period of~~
34 ~~time in health manpower shortage areas. However, these modest~~
35 ~~funds are inadequate to attract enough providers and to offset their~~
36 ~~skyrocketing school debts.~~

37 ~~(b) It is, therefore, the intent of the Legislature to enact~~
38 ~~legislation that would create a taskforce to accomplish all of the~~
39 ~~following:~~

- 1 ~~(1) Encourage funding from private individuals, groups, and~~
- 2 ~~corporations to augment loan repayment programs for physicians.~~
- 3 ~~(2) Stimulate the formation of fund-matching programs from~~
- 4 ~~local groups and government entities for recruitment and retention~~
- 5 ~~of local health care providers.~~
- 6 ~~(3) Collaborate with the federal government to create a federal~~
- 7 ~~fund-matching program to assist with loan repayments for health~~
- 8 ~~care providers in medically underserved areas.~~